

Missouri Budget Project Email Update
October 31, 2008

In this Issue:

- I. New Reports on the MBP Website: Concern Grows about Economic Conditions in Missouri**
- II. Federal Issues: Federal Economic Stimulus Measure**
- III. Election Day: November 4, 2008 State Ballot Measures**
- IV. MBP "Survey Monkey" Survey Reminder**

I. New Reports on the MBP Website Concern Grows about Economic Conditions in Missouri

Check out the Missouri Budget Project website for our latest reports at www.mobudget.org, including:

Click [here](#) to see a recent conference presentation given by MBP Executive Director Amy Blouin and Andrew Nicholas of the Center on Budget & Policy Priorities on how Missouri is faring during these difficult economic times.

Click [here](#) to read the latest report on the concerning trend of declining revenue collections in Missouri.

II. Federal Issues: Federal Economic Stimulus Measure

Momentum is building for the U.S Congress to take up a larger Economic Stimulus package in November following the elections. The main elements will be based on the four major items in the previously-passed bill: State Fiscal Relief (including enhanced federal matching funds for Medicaid), Extension of Unemployment Insurance Benefits, Food Stamps and Infrastructure.

A Note on Fiscal Relief to the States: At least 36 states are experiencing fiscal troubles, according to the Center on Budget & Policy Priorities (www.cbpp.org). The Missouri Budget Project previously estimated that Missouri could face a shortfall of \$200 million in the next fiscal year (beginning July 1, 2009). However, given the trends in declining revenue, it is more likely that Missouri might face a shortfall in the current year.

In 2003, the Congress passed a Fiscal Relief measure for the states that included both an Increase in the federal matching rate for Medicaid, allowing states to spend less while still providing critical health services for low income families. In addition, states received direct grants that could be used for any services. Under the September House passed fiscal relief measure, Missouri could receive as much as \$376 million in increased federal Medicaid funds over a 15 month period. The funds would provide critical fiscal assistance to the state, protect critical health services from cuts, and would immediately flow into Missouri's economy, providing an economic boost.

A Note on Unemployment Insurance: Missouri's Unemployment Rate increased to 6.7 percent in August, up from 5.5 percent at the beginning of the year. In addition to higher unemployment, more Missourians face long-term unemployment due to the economic struggle. According to the National Employment Law Project, 18,309 Missourians are projected to exhaust their unemployment benefits between October and December 2008. Passage of an extension of Unemployment Benefits would provide critical assistance to families who are

struggling in the current economy, and provide funds that will go immediately into Missouri's local economies as families utilize their Unemployment Insurance to pay for basic needs.

Following the election, it will be vital to contact Missouri's U.S. Senators and ask for their support of the critical Economic Stimulus in the Senate. Missouri Senators Bond and McCaskill both voted against the Senate version of the bill previously. Stay tuned for more details next week.

III. Election Day: November 4, 2008 State Ballot Measures

Don't Forget to Vote on Tuesday, November 4th!

In addition to the Presidential and Gubernatorial election, Missouri will have several important Ballot Measures on next Tuesday's ballot. The Missouri Budget Project has **not** taken a position on any of the ballot measures this year. The following summarizes the issues. For more detail, go to: <http://www.sos.mo.gov/elections/2008ballot/>

Constitutional Amendment 1: English Language

Would amend the Missouri Constitution add a statement that English be the language of all governmental meetings at which any public business is discussed, decided, or public policy is formulated whether conducted in person or by communication equipment.

Constitutional Amendment 4: Stormwater Projects Financing

Amends the Missouri Constitution relating to the financing of stormwater control projects by: limiting availability of grants and loans to public water and sewer districts only; removing the cap on available funding and existing restrictions on disbursements; requiring loan repayments to be used only for stormwater control projects. Estimated the cost to state governmental entities is \$0 to \$236,000 annually.

Proposition A: Casino Loss Limits and Tax Rate

Would amend Missouri law to:

- repeal the current individual maximum loss limit for gambling;
- prohibit any future loss limits;
- require identification to enter the gambling area only if necessary to establish that an individual is at least 21 years old;
- restrict the number of casinos to those already built or being built;
- increase the casino gambling tax from 20% to 21%;
- create a new specific education fund from gambling tax proceeds generated as a result of this measure called the "Schools First Elementary and Secondary Education Improvement Fund"; and
- require annual audits of this new fund

State governmental entities will receive an estimated \$105.1 to \$130.0 million annually for elementary and secondary education, and \$5.0 to \$7.0 million annually for higher education, early childhood development, veterans, and other programs. Local governmental entities receiving gambling boat tax and fee revenues will receive an estimated \$18.1 to \$19.0 million annually.

Proposition B: Missouri Quality Homecare Council

Would amend Missouri law to enable the elderly and Missourians with disabilities to continue living independently in their homes by creating the Missouri Quality Homecare Council to

ensure the availability of quality home care services under the Medicaid program by recruiting, training, and stabilizing the home care workforce.

Proposition C: Renewable Energy

Would amend Missouri law to require investor-owned electric utilities to generate or purchase electricity from renewable energy sources such as solar, wind, biomass and hydropower with the renewable energy sources equaling at least 2% of retail sales by 2011 increasing incrementally to at least 15% by 2021, including at least 2% from solar energy. Restricts rate increases to consumers to no more than 1%.

St. Louis County: Proposition 1: Community Children's Services Fund

Would create a 1/4 cent sales tax (1 penny on every \$4 dollar purchase) in St. Louis County that would generate approximately \$40 million dollars for social services for St. Louis County children. More detail is available at: <http://www.stlcokidsfirst.org/>

IV.MBP "Survey Monkey" Survey Reminder

Don't forget to take the MBP's online survey. You should be able to press your "Control" key and the link below and go to the Survey directly. If you have trouble opening the link, please try copying the following into your URL line:

http://www.surveymonkey.com/s.aspx?sm=2fnanig_2bwBXMMUVpMY_2bGisw_3d_3d

As Always, Contact any of the MBP Team Members with Any Questions:

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